

REMARKS

Claims 53 and 90-149 are pending in this Application. By this Response, Applicants have amended claims 104-115, 117-125, 127-135, 137-145, and 147-149. Applicants respectfully submit no new matter has been added by these amendments. Accordingly, claims 53 and 99-149 are at issue.

The Examiner has objected to claims 104-115, 117-125, 127-135, 137-145, and 147-149 because of various informalities. Applicants have amended these claims to overcome the informalities noted by the Examiner. Accordingly, Applicants respectfully submit these objections are now moot.

The Examiner has rejected claims 53, 99-106, 116, 126, 136 and 146-149 under 35 U.S.C. 103(a) as being unpatentable over Lux in view of Applicants admitted prior art. Applicants respectfully traverse this rejection.

Claim 53 is directed toward a method for creating an exchange traded fund and trading the outstanding shares of the fund on an exchange at a real time determined price. Unlike any prior art funds, claim 53 requires “separating a group of **mutual fund shares** into a subgroup **that satisfies an investment objective.**” It is this particular subgroup which makes up the portfolio of the exchange traded fund of claim 53.

Neither Lux nor the Admitted Prior Art disclose the method of claim 53. Turning first to Lux, the Examiner acknowledges “Lux does not explicitly disclose the step wherein the group of shares in said subgroup is a group of mutual fund share.” Additionally, looking at the specific language of claim 53, Lux also fails to disclose separating a group of mutual fund shares into a subgroup. Moreover, Lux further fails to separate such mutual fund shares into a subgroup that satisfies an investment objective. The Admitted Prior Art, as cited by the Examiner (see Office Action of December 1, 2005, p. 4), also fails to disclose separating mutual funds into a subgroup based on an investment objective.

Additionally, the Examiner has failed to establish a *prima facie* case of obviousness. To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. See MPEP 2143.01. Second, there must be a reasonable expectation of success. See MPEP 2143.02. Finally, the prior art reference(s) must teach or suggest all of the claim limitations. See MPEP 2143.03. The teaching or suggestion to make the claimed combinations and the reasonable expectation of success must both be found in the prior art, not in the applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). The Examiner bears the initial burden on factually supporting any *prima facie* conclusion of obviousness. See MPEP § 2142. In the present case, the Examiner failed to meet this burden.

The combination of Lux with the Admitted Prior Art is improper because there is no motivation or incentive in the prior art to combine these references in the manner suggested by the Examiner. See *In re Napier*, 55 F.3d 610, 613, 34 U.S.P.Q.2d 1782, 1785 (Fed. Cir. 1995). Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). Here, there is absolutely no incentive in the cited references to combine the references in the manner suggested by the Examiner. When the motivation to combine the teachings of the references is not immediately apparent, it is the duty of the Examiner to explain why the combination of the teachings is proper. *Ex parte Skinner*, 2 USPQ2d 1788 (Bd. Pat. App. & Inter. 1986). Instead, the Examiner simply claims the combination would have been obvious to one of ordinary skill in the art.

The Examiner also has not shown any reasonable expectation of success in making this combination. Most importantly, as set forth above, the Examiner has failed to show that each of the claim limitations are taught or suggested by the combination.

It is apparent the Examiner took isolated features from the cited references and has used the claims of the present application as a template. Such hindsight reconstruction is improper. It is well-recognized that the claimed invention cannot be used as an instruction manual or template to piece together the teachings of the prior art in an attempt to render the claimed device obvious. *In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992); *Fine*, 837 F.2d at 1075 (“one cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention.”)

In light of the above, Applicants respectfully submit claim 53 is patentable over Lux in view of the Admitted Prior Art. Claims 99-102 depend on claim 53 and include each of its limitations. Accordingly, Applicants respectfully submit claims 99-102 are also patentable over Lux in view of the Admitted Prior Art.

Similar to claim 53, claim 103 requires an exchange traded fund that includes “a portfolio comprising mutual fund shares that satisfy an investment objective.” Additionally, the claim 103 requires the “portfolio being weighted.”

As set forth above, the combination of Lux with the Admitted Prior Art is improper. Moreover, as also set forth, neither Lux nor the Admitted Prior Art disclose the particular exchange traded fund (i.e., with mutual fund shares satisfying an investment objective) of claim 103.

In Addition to the points discussed with respect to claim 53, neither reference discloses having the portfolio weighted. Accordingly, Applicants respectfully submit claim 103 is patentable over Lux in view of the Admitted Prior Art.

Claims 104-106 depend on claim 103 and include each of its limitations. Accordingly, Applicants respectfully submit claims 104-106 are also patentable over Lux in view of the Admitted Prior Art.

Claim 116 requires “a portfolio comprising of mutual fund shares, the mutual fund shares within the portfolio being weighted and the portfolio **being changeable** to maintain an investment objective.” Claim 126 requires “buying outstanding shares of an exchange traded fund having a portfolio comprising of mutual fund shares, the mutual fund shares within the portfolio being weighted and the portfolio being changeable to maintain an investment objective.” Claim 36 requires “listing on an exchange outstanding shares of an exchange traded fund having a portfolio comprising of mutual fund shares, the portfolio being changeable to maintain an investment objective.” And claim 146 requires “listing outstanding shares of an exchange traded fund having a portfolio comprising of mutual fund shares registered within a country, the mutual fund shares within the portfolio being weighted and the portfolio being changeable to maintain an investment objective.”

As set forth above, the combination of Lux with the Admitted Prior Art is not proper. Moreover neither reference discloses the a portfolio comprising mutual funds that are “changeable to maintain an investment objective.” Accordingly, Applicants respectfully submit claims 116, 126, 136 and 146 are patentable over Lux in view of the Admitted Prior Art.

Claims 147-149 depend on claim 146 and include each of its limitations. Accordingly, Applicants respectfully submit claims 147-149 are also patentable over Lux in view of the Admitted Prior Art.

The Examiner has rejected claims 90-98, 107-115, 117-125, 127-135, 137-145 under 35 U.S.C. 103(a) as being unpatentable over Lux in view of Applicants admitted prior art and further in view of Hazley. Applicants respectfully traverse this rejection.

As set forth above, Applicants respectfully maintain claims 53, 103, 116, 126 and 136 are patentable over Lux in view of the Admitted Prior Art. Hazley fails to cure the deficiencies of Lux and the Admitted Prior Art. Moreover, the Examiner again fails to set forth a prima facie case of obviousness based on this combination with Hazley, and simply asserts such a combination would have been obvious. This fails to meet the PTO's burden. Accordingly, Applicants respectfully submit claims 53, 103, 116, 126 and 136 are also patentable over Lux in view of the Admitted Prior Art and Hazley.

Claims 90-98, 107-115, 117-125, 127-135, 137-145 depend on one of claims 53, 103, 116, 126 and 136, and include each the respective claims limitations. Accordingly, Applicants respectfully submit claims 90-98, 107-115, 117-125, 127-135, 137-145 are also patentable over Lux in view of the Admitted Prior Art and Hazley.

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CONCLUSION

In light of the foregoing reasons, Applicants respectfully request reconsideration and allowance of claims 53 and 90-149. The Commissioner is authorized to charge any additional fees or credit any overpayments associated with this Amendment to Deposit Account 23-0280. Applicants further invite the Examiner to contact the undersigned representative at the telephone number below to discuss any matters pertaining to the present Application.

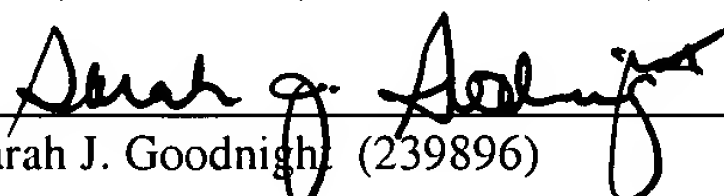
Respectfully submitted,

Date: April 28, 2006

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CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail, postage prepaid, in an envelope addressed to: MAIL STOP AMENDMENT, Commissioner for Patents, PO Box 1450, Alexandria, VA 22313-1450, on April 28, 2006.


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